



# Annual Report

June 30, 2008

[www.mlgip.com](http://www.mlgip.com)

## Maryland Local Government Investment Pool



### Administrator

State of Maryland  
Office of the State Treasurer  
Louis L. Goldstein Tsy. Bldg.  
80 Calvert Street  
Annapolis, Maryland 21401



### Contractor

PNC Bank, N.A.  
2 Hopkins Plaza  
4th Floor  
Baltimore, Maryland 21201  
1-800-492-5160



# LETTER FROM THE STATE TREASURER

## Fellow Constituents of Maryland:



Nancy K. Kopp  
State Treasurer

It is a pleasure to bring you the Annual Report for the Maryland Local Government Investment Pool (MLGIP) for the fiscal year ended June 30, 2008. The Annual Report presents an overview of the Pool's purpose, objectives and performance. It is intended to give a quick, but thorough, synopsis of the MLGIP operations.

The Annual Report includes an investment review provided by the Contractor, PNC Bank (formerly Mercantile-Safe Deposit & Trust Company), displaying the investment policies of the MLGIP, the Pool's investment performance and a portfolio profile as of fiscal year end. Additionally, the MLGIP's auditor, PricewaterhouseCoopers LLP, has included their Report of Independent Accountants covering financial activities from July 1, 2007 to June 30, 2008.

The MLGIP continues to manage the fund in line with GASB regulations which allows assets to be carried on an amortized cost basis. For the fiscal year, the MLGIP's net yield has average 13 basis points above its peer group measured by the Standard & Poor's Rated LGIP Index. Importantly, the MLGIP has maintained S&P's coveted "AAAm" rating which signifies the excellent safety of invested principal and a superior capacity to maintain a \$1.00 per unit value. The rating is based on Standard and Poor's analysis of the Pool's credit quality, market price exposure, the Contractor's conservative investment practices and strict internal controls.

During fiscal year 2008, the Pool averaged just under \$2.3 billion and has continued to increase its asset size year-over-year. As of June 2008, the total number of registered participants has increased to 294. The Pool has approximately 800 accounts, including all of the sub-accounts for participating local governments.

While money market rates have raised about 200 basis points over the past fiscal year, the MLGIP still remains very competitive for short-term/money market type funds. Safety, Liquidity and Competitive Yields continues to be our main focus as we meet the investment objectives of the MLGIP. Participants account information remains accessible through the Pool's automated telephone system or through the web site at [www.mlgip.com](http://www.mlgip.com).

We recognize the MLGIP is only one of the many options available to Maryland's public finance officials. For the MLGIP to remain one of the very best investment options, we encourage suggestions and comments regarding the Pool. We will continue to explore any possible enhancements brought to our attention. I thank you for your continued support.<sup>3</sup>

Best Regards,

Nancy K. Kopp

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# OVERVIEW

# OVERSIGHT/ADVISORY COMMITTEE

## Management of the Pool

Through a competitive bidding process, the State of Maryland Treasurer's Office and the MLGIP Advisory Committee has selected PNC Bank (formerly Mercantile-Safe Deposit & Trust Company) to serve as the Pool's investment manager, administrator, and marketer (in such capacity "Contractor"). The Contractor has acted in this capacity since the Pool's inception in 1982. In addition, the Contractor and its predecessors have been in the business of managing the investments of fiduciary and other accounts in the Baltimore area since 1864. The Contractor's local address and MLGIP contact is : David Rommel, PNC Bank, Two Hopkins Plaza, 4th Floor, Baltimore, Maryland 21201.

## MLGIP Advisory Committee

Maryland's State Treasurer has formed a MLGIP Advisory Committee consisting of Current participants. The purpose of this group is to review the activities of the Contractor, investigate the interest in the formation of other pools, and provide general suggestions concerning the operations of the Local Government Investment Pool. This group will assist with the proposal evaluation during the RFP process and help select the Contractor of the Pool. The Committee will meet quarterly with the Treasurer's Office and the Contractor to review investment performance, marketing and product development.



- Top Row: Milton Nagel (Caroline County Public Schools) Joseph Carnaggio, Jr. (Carroll County), John Scotten (Harford County), Al Martin (Hagerstown)
- Bottom Row: Lori Decker (Frederick County), Louise Green (City of Baltimore), Mary Christine Jackman (Maryland State Treasurer's Office), Kathryn Hewitt (Prince George's County)
- Not Pictured: Martha Bennett Lucey (Ocean City), Joseph Griffin (Montgomery County Register of Wills)





To assist Maryland public finance officers in investing available balances, this Annual Report explains the significant investment and administrative policies, practices and restrictions of the Maryland Local Government Investment Pool (MLGIP). It has been designed to meet the recommended guidelines established by the National Association of State Treasurers (NAST) for Local Government Investment Pools.

Article 95 Section 22G of the Annotated Code of Maryland establishes the Local Government Investment Pool. The MLGIP, under the administrative control of the State Treasurer, is designed to provide all local government units of the State an investment vehicle for the short term investment of funds.

Since the inception of the Fund in 1982, PNC Bank (formerly Mercantile-Safe Deposit and Trust Company), through a series of competitive Request for Proposals (RFPs) has been contracted to operate the Pool. An MLGIP Advisory Committee of current participants was formed to review the activities of the Contractor semi-annually and to provide suggestions to enhance the Pool.

Established investment objectives, policies and restrictions ensure that the general objectives of the MLGIP are achieved. This Annual Report outlines the regulated guidelines and procedures on how to purchase and redeem shares of the Pool, including: establishing an account, transaction instructions, disclosure of participant account and transaction sizes, and administrative costs.

Communication to the participants is achieved by several means. Account information is received from individual statements. Account activity and rate information are sent to participants either daily monthly or quarterly. The MLGIP has developed an automated telephone response system that will allow for the transfer of funds, request for account balances, request for daily rate information and receive faxed confirmations of your transactions simply by using your telephone. General information can be obtained by calling 1-800-492-5160, by reading the quarterly newsletter, attending many of the local government functions or from personal meetings.

Portfolio information is disclosed including: portfolio maturities, portfolio valuation, yield calculations and earnings.

#### **Administrative Costs**

Effective January 1, 2002 in accordance with the terms of the services agreement, the contractor, PNC Bank, charges an administrative fee based on the asset size of the Pool as follow:

- 0.030% on the first \$1 billion
- 0.027% between \$1 billion - \$2 billion
- 0.024% over \$2 billion

All administrative services, i.e. reporting, collections, custodial and fund transfers, are included in this fee. The fees are accrued daily and charged monthly to the Pool.

# PURPOSE AND OBJECTIVES

The State Legislature created the Maryland Local Government Investment Pool (MLGIP) with the passage of Article 95 §22G, Annotated Code of Maryland. The Pool's purpose is to assist the public finance officer by providing an investment medium in which the participants may invest their idle balances. A pooled fund strategy is utilized creating a money market fund for municipalities that is a very safe, highly efficient programmed approach to investing. Participants are provided professional money management, a well diversified portfolio and reduced cost.

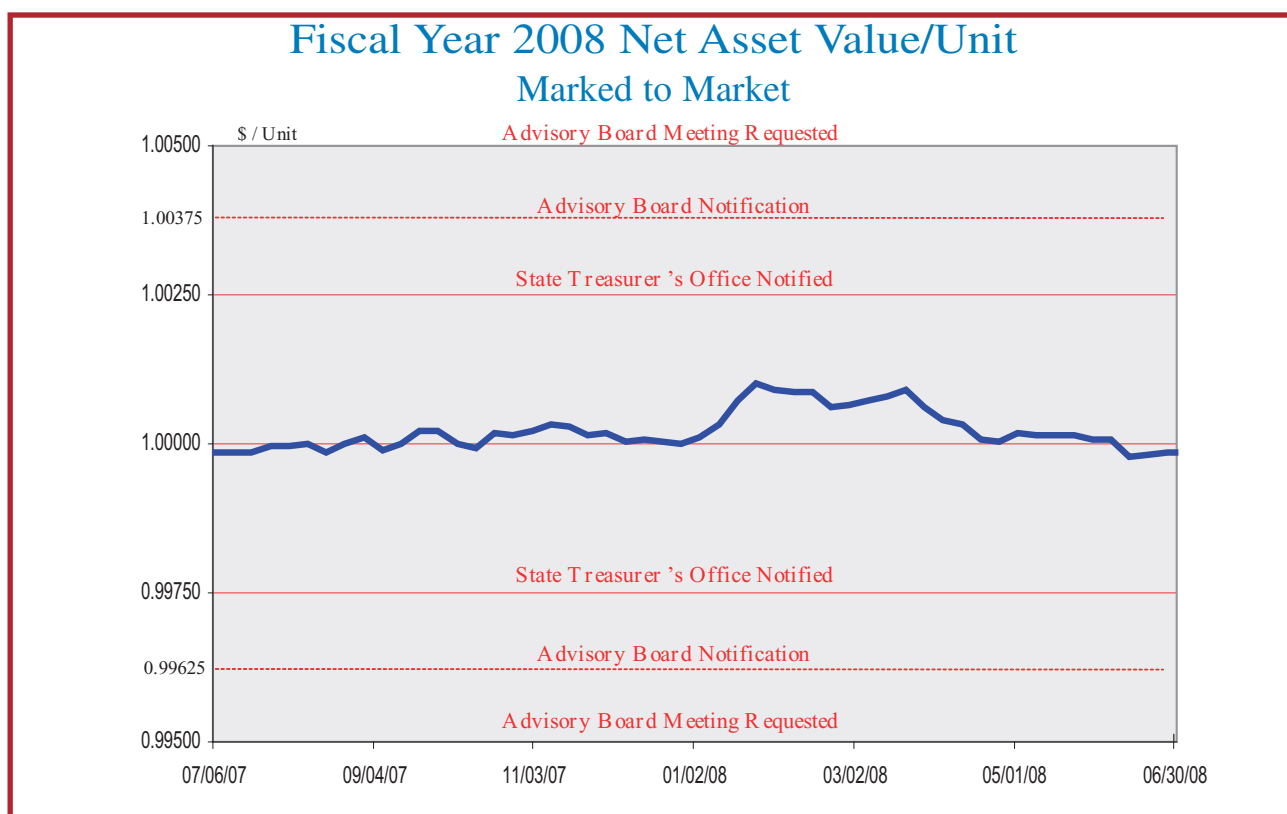
The MLGIP's General Investment Objectives are as follows:

- 1. To preserve the capital value of the dollars invested.**
- 2. To provide a competitive rate of return.**
- 3. To provide a readily available source of daily liquidity.**

The MLGIP maintains a AAAm rating from Standard & Poors (it's highest rating for money market funds.) The rating is based on analysis of excellent safety of principal and the ability to maintain a \$1.00 per unit value.

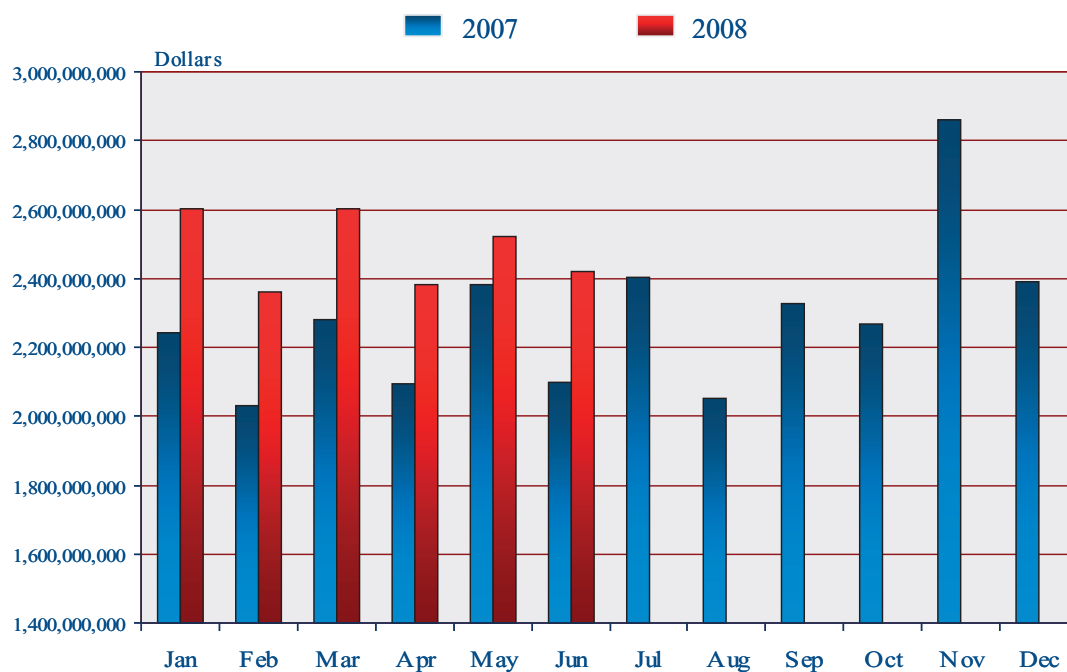
## MLGIP'S NET ASSET VALUE

The Pool seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the Pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

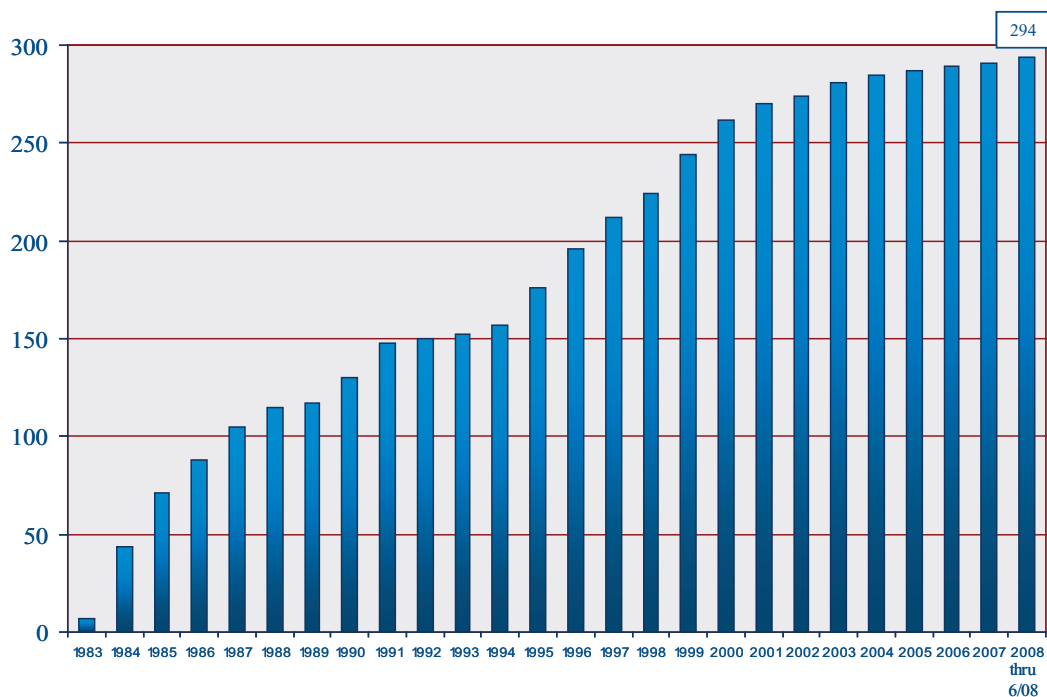


# MLGIP GROWTH CHARTS

## 2007 & 2008 Month-End Asset Size



## Registered Participants





# ELIGIBILITY

## Participant Eligibility

Eligible participation in the MLGIP is regulated by Article 95 §22 of the Annotated Code of Maryland.

A small excerpt from the Article on eligibility reads as follows:

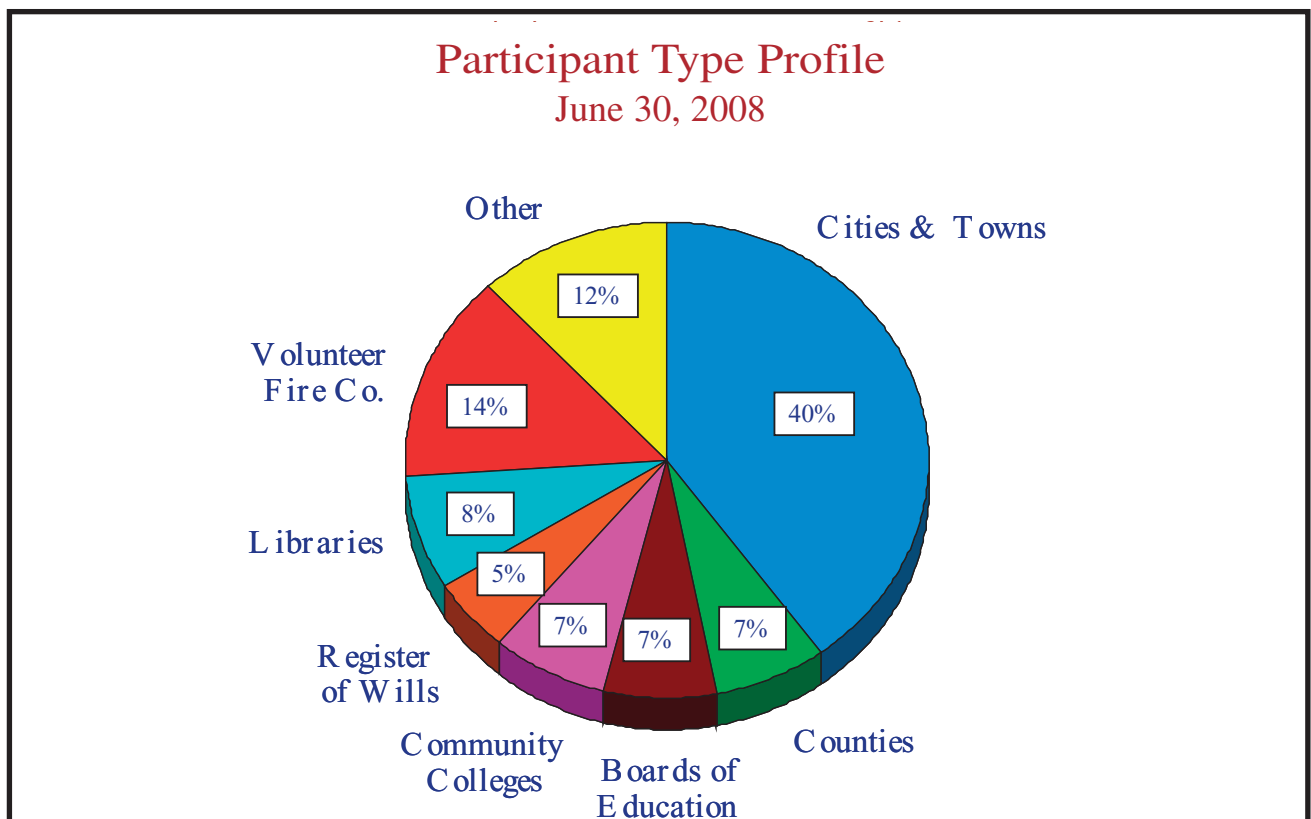
“... each county of the State, and the chief fiscal or administrative officer or officers or governing body of each municipality, town, body politic, public body corporate, school, road, drainage, improvement, construction or soil conservation district or commission in the State...”

## Establishing A MLGIP Account

Here are the steps needed to be taken in order to become a participant in the MLGIP:

- Pass the Enabling Resolution
- Include Copy of Article of Incorporation
- File an Application
- Include Authorization Personnel I.D. (drivers license, etc.)

Once these two steps are completed and submitted to the Pool's Contractor, an unlimited number of sub-accounts may be established in the name of the municipality or local government.





### **Statement of Accounts**

All participants in the MLGIP will receive individual statements for each of their accounts detailing transactions and income postings. The following is a list of statements available, a description of the purpose of the statement and when they are distributed.

**Daily:**      *Automated System Confirmation*—a confirmation statement is available for transactions performed through our automated systems (telephone or web) and is either faxed, e-mailed or is printer available every time requested.

**Monthly:**      *Transaction Statement*—a re-cap of events to have occurred in the account during the month. Information includes account number and name, opening account balance, income distribution, daily transactions and ending balance.

*Daily Rates\**—a monthly spreadsheet of net rates for each day during the month for the calendar year. Information includes daily rates, average daily rate for the month, effective annual yield and actual yield over the last twelve months.

\* Also available daily through automated systems upon request.

*Asset Distribution Report*—a monthly report detailing a listing of the Pool's holdings including: security ID, security name, maturity date, coupon rate, issue date and trade face & cost values. This report is available on the MLGIP website.

**FY End:**      *Securities Listing of Collateral Held Against Repos*—is a one day snapshot illustrating the securities held as collateral against the repurchase agreements in the Pool. Information includes face amount, description, market value and repo amount.

### **Audits (both internal and external)**

Internal audits are performed on the MLGIP by the bank's auditing department and by a State Legislative Auditor.

A third party, external audit is performed by PricewaterhouseCoopers (PWC) on a fiscal year basis ending June 30th.

# INVESTMENT ADVISOR REPORT

## *Fiscal Year 2008 Review*

Despite the ongoing housing correction, the Federal Open Market Committee (FOMC) stated that the economy seemed likely to expand at a moderate rate and maintained their bias towards inflation risk, voting to keep the federal funds rate unchanged at 5.25% at the first meeting of the fiscal year. However, tightening credit conditions were beginning to shake up the financial markets. Turmoil in the credit markets and liquidity fears stemming from continued turbulence in the subprime mortgage market led to a dislocation in short-term investment markets. Commercial paper and London Inter-Bank Offer Rate (LIBOR) spreads widened dramatically. For the first time since the asset class was created, maturities extended in several Asset-Backed Commercial Paper conduits structured without traditional liquidity support as some conduits were unable to roll paper at maturity. While mortgage-specific ABCP conduits suffered the most, even ABCP programs with limited (if any) exposure to subprime mortgages were impacted as spreads on the asset class moved wider and liquidity thinned.

Investors feared that money market funds traditionally considered to be 'safe' had hidden risks. Concerns about potential withdrawals led many managers to focus on preserving liquidity. During the fiscal year, there were various press releases citing troubles at other local government investment pools surrounding investments lacking traditional liquidity support from a highly-rated financial institution. As some of these securities were on the verge of default, participants rushed to withdrawal funds from pools. Managers were forced to freeze pools or limit withdrawals.

The FOMC was very active during the fiscal year, through both traditional policy activities as well as new lending facilities to help alleviate market stress. At an emergency meeting on August 17th, the FOMC took the unprecedented step of cutting the discount rate by 50 basis points (bps), halving the traditional 100bp spread to the Fed Funds rate. This was the first unanticipated Fed action between scheduled meetings since 2001. During the fiscal year, the FOMC incrementally reduced the fed funds rate by a total of 325 bps, including another inter-meeting cut in January. While US exchanges were closed for Martin Luther King Day, global equity markets dropped precipitously. US index futures suggested a steep sell-off on January 22nd, and the US Treasury market rallied overnight. Prior to the open of US markets, the FOMC unexpectedly stepped in and cut both the federal funds rate and discount rate by 75 bps. Globally, central banks also moved to strengthen liquidity and provide needed funds to the market during the fiscal year. The Fed—in conjunction with the ECB, the Bank of England and the Swiss National Bank—announced the creation of the \$40B Term Auction Facility to help further alleviate liquidity concerns in the market.

The Maryland Local Government Investment Pool slightly reduced exposure to ABCP as spreads came under pressure towards the start of the fiscal year. In order to help alleviate investors' fears, we allowed all ABCP holdings in the MLGIP to roll-off. As conditions surrounding ABCP normalized and liquidity fears began to abate, we reintroduced ABCP into the Pool as a small percentage of the total commercial paper holdings. As LIBOR spreads to federal funds widened, LIBOR-based floaters became attractive to comparable 1-month or 3-month discount notes. We saw this as an opportunity to add yield to the portfolio and increased the Pool's position in LIBOR based floating rate notes. Throughout the fiscal year, we remained confident with the performance of the MLGIP's investments, emphasizing very high credit standards and risk management.

Throughout the fiscal year, investors remained concerned with liquidity and the global banking system. As a result, the average weighted days-to-maturity of the Pool was very volatile during the fiscal year. It was as short as 35 days as we focused on providing liquidity for the participants given current market conditions. We extended at times during the year when market conditions stabilized and provided yield opportunities. The Pool ended the fiscal year with an average weighted days-to-maturity of 44 days.

# INVESTMENT REVIEW

# INVESTMENT ADVISOR REPORT

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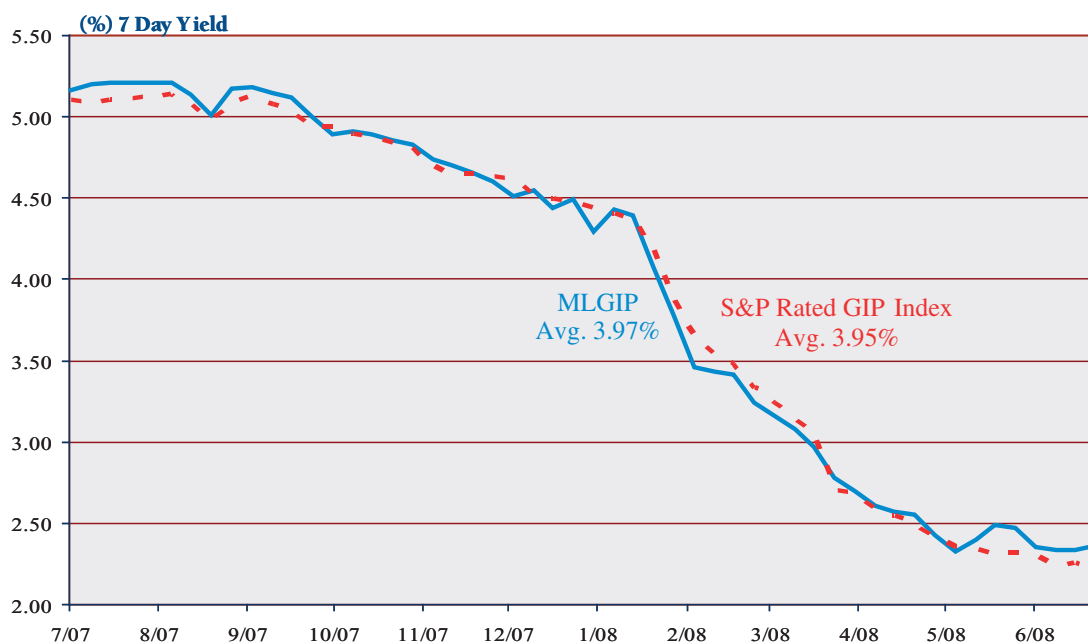
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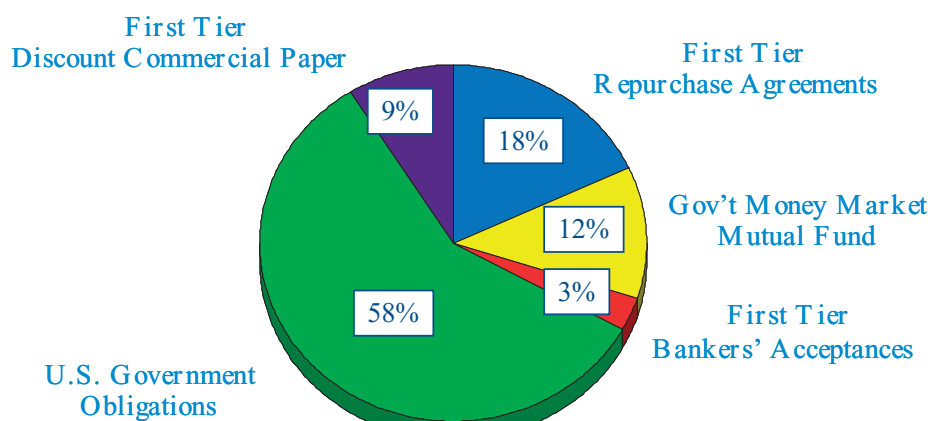
Throughout the fiscal year, investors remained concerned with liquidity and the global banking system. As a result, the average weighted days-to-maturity of the Pool was very volatile during the fiscal year. It was as short as 35 days as we focused on providing liquidity for the participants given current market conditions. We extended at times during the year when market conditions stabilized and provided yield opportunities. The Pool ended the fiscal year with an average weighted days-to-maturity of 44 days..

# YIELD COMPARISON

## MLGIP Versus S&P Rated GIP Index Yield Comparison



## Portfolio Profile - June 30, 2008



Shares Outstanding:	\$2,420,372,782
Average Life:	44 Days
Overnight Liquidity:	31%
Net Rate (1 Day):	2.36%



# INVESTMENT RESTRICTIONS

## **Credit Standard of Investments**

The MLGIP may invest in instruments rated only Tier 1 by at least one Nationally Recognized Securities Rating Organization (NRSRO). In-house credit reports are maintained on each issuer and are updated at least annually.

## **Allowable Maturity Range of Investments**

- No direct investment may have a maturity date of more than 13 months.
- Floating rate notes are permitted with a minimum semi-annual reset and maximum two year final maturity.

## **Repurchase Agreement Collateralization**

- Repos are strictly collateralized with either U.S. Government Agencies Notes or Bonds or Treasury Bills, Notes and Bonds.
- Market value of collateral equals at least 102% of principal.
- Value of collateral is marked to market daily.
- All trades are processed on a delivery of collateral versus payment basis only.
- Repo collateral is segregated for the MLGIP and held in the bank's account with the Federal Reserve.

## **Investment Guidelines and Limits**

### **Liquidity**

- There is no formal minimum overnight liquidity position. However, it is anticipated that the Pool generally will operate with a minimum of 10% of the total assets in next business day maturities.
- Maximum overnight liquidity position may be 100% of assets.

### **Diversification (measured from time of purchase)**

- Maximum exposure in any one credit of Repo is limited to 15% of the total MLGIP assets.
- Maximum exposure for all combined BAs is 25% of total MLGIP assets.
- Total investment in any single issuer's BA should not exceed 5% of the total MLGIP assets.
- Maximum exposure to any single Federal Agency is 25%.
- No limit to exposure in U.S. Treasury obligations.
- Maximum exposure for all combined Commercial Paper is limited to 5% of total MLGIP assets.

## **Ineligible Investments**

- The MLGIP does not invest in any exotic derivative securities such as those specifically designated by the SEC's Division of Investment Management as inappropriate for money market funds.
- The MLGIP does not invest in securities denominated in any currency other than the U.S. dollar.

## **Money Market Mutual Funds**

- Limited to a maximum 10% of the Pool, individual fund holdings not to exceed 5%.
- Permitted mutual funds include Treasury and Government Agency Funds.

# **ARTICIPANT INSTRUCTIONS**

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## **Transaction Instructions**

Participants can contact the MLGIP to initiate transfers without expense through the Pool's toll-free number (1-800-492-5160) or through our website ([www.mlgip.com](http://www.mlgip.com)).

**Daily Deposits\***: Participating accounts will receive same day credit for deposits if notification and monies in "good funds" are received by PNC Bank by 3:00 P.M. Deposits may be made in cash, check, automated clearing house (ACH), Fed wire transfer or any other generally accepted method.

The Federal Reserve Bank wire instructions are:

PNC Bank  
 Routing Number (ABA#): 043000096  
 Credit Account: 1025191311 (MLGIP)  
 Reference Account #: (MLGIP account number)  
 For Credit: (MLGIP account name)

**Daily Withdrawals\***: Participants may obtain up to their entire principal account balance by having an authorized representative notify the MLGIP before 12:00 noon on the day of the withdrawal. Information needed from the participant include: who is calling, PIN#, amount of money to be transferred, from what MLGIP account number, to what banking institution and what account number to credit.

*[Account information must be previously established in writing and sent to the MLGIP]*

*\* transaction may not occur until the following business day if posted after these timeframes.*

## **Participant Account Size Disclosure**

**Minimum:** Because the MLGIP invests in one dollar (\$1.00) increments, the minimum amount allowed for investment is \$1.00.

**Maximum:** There is no maximum account size per participant.

## **Transaction Size Disclosure\***

**Withdrawals:** On any given day, participants may withdrawal any amount up to their total principal market value if notification is made prior to 12:00 noon.

**Deposits:** On any given day, participants may add any amount to their balance if notification and monies are received prior to 3:00 P.M.

*\* We request earlier notification on any transactions greater than \$50 million.*

# INDEPENDENT ACCOUNTANTS REPORT



**PricewaterhouseCoopers LLP**  
 100 East Pratt Street  
 Suite 1900  
 Baltimore MD 21202-1096  
 Telephone (410) 783 7600  
 Facsimile (410) 783 7680

## Report of Independent Auditors

To the Advisory Committee of the  
 Maryland Local Government Investment Pool  
 Maryland State Treasurer's Office

In our opinion, the accompanying statement of net assets and the related statements of changes in net assets present fairly, in all material respects, the financial position of the Maryland Local Government Investment Pool (the "Pool") as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Pool has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baltimore, Maryland  
 November 19, 2008

# FINANCIALS

# INDEPENDENT ACCOUNTANTS REPORT

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers LLP  
100 East Pratt Street  
Suite 1900  
Baltimore MD 21202-1096  
Telephone (410) 783 7600  
Facsimile (410) 783 7680

## Report of Independent Auditors

To the Advisory Committee of the  
Maryland Local Government Investment Pool  
Maryland State Treasurer's Office

In our opinion, the accompanying statement of net assets and the related statements of changes in net assets present fairly, in all material respects, the financial position of the Maryland Local Government Investment Pool (the "Pool") as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Pool has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*



# STATEMENT OF NET ASSETS

## Maryland Local Government Investment Pool Statement of Net Assets June 30, 2008

### Assets

#### Investments

Securities, at amortized cost (which approximates fair value)	\$ 1,982,779,430
Repurchase agreements, at cost (cost equals fair value)	439,000,000
Total investments	2,421,779,430

#### Accrued interest receivable

3,817,194

#### Total assets

\$ 2,425,596,624

### Liabilities

#### Payable for securities purchased

850

#### Income distribution payable

4,634,464

#### Accrued expenses

543,929

#### Total liabilities

5,179,243

#### Net assets

\$ 2,420,417,381

#### Net assets consist of

Paid-in-capital applicable to 2,420,372,782 units outstanding,  
unlimited number of units authorized, no par value

2,420,417,381

\$ 2,420,417,381

Net assets value, offering and redemption price per unit  
(\$2,420,417,380 ÷ 2,420,372,782 units)

\$ 1.00

The accompanying notes are an integral part of the financial statements.



# STATEMENT OF CHANGES IN NET ASSETS

## Maryland Local Government Investment Pool Statement of Changes in Net Assets Year Ended June 30, 2008

### Increase (decrease) in net assets

#### Operations

##### Investment income

##### Interest income

\$ 90,401,302

##### Net realized gain on investments

39,867

##### Total investment income

90,441,169

##### Investment expenses

##### Administrative and miscellaneous expenses

639,292

##### Total investment expenses

639,292

##### Net investment income

89,801,877

##### Increase in net assets from operations

89,801,877

### Distributions to participants

#### Net investment income

(89,762,010)

### Unit transactions (at \$1.00 per unit)

#### Proceeds from issuance

4,917,281,995

#### Redemptions

(4,597,232,094)

##### Increase in net assets from unit transactions

320,049,901

##### Total increase in net assets

320,089,768

### Net assets

#### Beginning of year

2,100,327,613

#### End of year

\$ 2,420,417,381

The accompanying notes are an integral part of the financial statements.

# NOTES TO FINANCIAL STATEMENTS

## Maryland Local Government Investment Pool Notes to Financial Statements June 30, 2008

### 1. Significant Accounting Policies and Other Information

The following is a summary of significant accounting policies, which are in conformity with accounting principles generally accepted in the United States of America.

#### Purpose

The Maryland Local Government Investment Pool (the "Pool") is maintained exclusively to assist eligible participants, as defined by Articles 95 and 22 of the Annotated Code of Maryland, by providing an investment medium in which they may invest their idle balances. Eligible participants, defined in the Code, include: each county of the State, and the chief fiscal or administrative officer or officers or governing body of each municipality, town, body politic, public body corporate, school, road, drainage, improvement, construction or soil conservation district or commission in the State.

#### Basis of Accounting

The accounting and reporting policies of the Pool relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted for state and local governments are pronouncements of the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board and its predecessor organizations ("FASB") that are specifically made applicable to state and local governments by or that do not conflict with pronouncements of the GASB.

In accordance with GASB Statement 31 entitled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the Pool is an external investment pool and reports its investments at amortized cost. In accordance with GASB Statement 40 entitled "Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3," the Pool discloses certain information regarding credit risk, concentration of credit risk, interest rate risk and custodial credit risk of its deposits and investments. As provided for in GASB Statement No. 34, the financial statements of the Pool are presented as a fiduciary fund type-investment trust fund. The economic resources measurement focus and accrual basis of accounting is followed as required by GASB Statement No. 34.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### Investments

The Pool may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 of the State Finance and Procurement Article. This includes: an obligation for which the United States has pledged its faith and credit for the payment of principal and interest; an obligation that a federal agency or federal instrumentality has issued; a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities; bankers acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter rating by at least one nationally recognized statistical rating organization (NRSRO) as designated by either the United States Securities and Exchange Commission (SEC) or the State Treasurer; Commercial Paper that has received the highest letter rating by at least one NRSRO as designated by the SEC; and money market mutual funds that are registered with the SEC under Investment Company Act of 1940, as amended, and are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. No direct investment may have a maturity date of more than 13 months after its

# NOTES TO FINANCIAL STATEMENTS – CONTINUED

## Maryland Local Government Investment Pool

### Notes to Financial Statements

June 30, 2008

acquisition. However, floating rate notes are permitted with a minimum semi-annual reset and two year final maturity.

Securities are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances. Investments in money market funds are valued at the closing net asset value per share on the day of valuation.

#### Repurchase Agreements

The Pool may agree to purchase portfolio securities from financial institutions, such as banks and broker-dealers, subject to the seller's agreement to repurchase them at an agreed upon date and price. The seller will be required, on a daily basis, to maintain collateral in the form of an obligation of the United States, its agencies or instrumentalities on behalf of the Pool equal to 102% of market value of securities subject to resale. The agreement is conditioned upon the collateral being deposited under the Federal Reserve book-entry system. Such agreements, which are fully collateralized at year-end, are stated separately in the Pool's schedule of investments. In the event of a bankruptcy or default of certain sellers of repurchase agreements, the Pool could experience costs and delays in liquidating the underlying security, which is held as collateral, and the Pool might incur a loss if the value of the collateral held declines during this period.

#### Securities Transactions

Purchases and sales are accounted for on the trade date. Interest income is recorded as earned. Realized gains and losses from security transactions are recorded on an identified cost basis.

#### Unit Issues, Redemptions, and Distributions

In accordance with the terms of the services agreement, admissions to and withdrawals from the Pool may be made daily at the daily unit value of the Pool.

Net investment income is accrued daily and allocated ratably to participating units. Such income is distributed as of the last calendar day of each month.

#### Administrative Costs

Effective January 1, 2002, in accordance with the terms of the services agreement, the contractor, Mercantile Safe Deposit & Trust Company, charges an administrative fee based on the asset size of the Pool as follows:

- 0.030% on the first \$1 billion
- 0.027% between \$1 billion - \$2 billion
- 0.024% over \$2 billion

All administrative services, including reporting, collection, custodial and fund transfers are included in this fee. The fees are accrued daily and charged monthly to the Pool.

#### Federal Income Taxes

The Pool's income is exempt from Federal income tax under Section 115 of the Internal Revenue Code.

#### Commitments

In the normal course of business, the Pool enters into contracts that contain a variety of representations, which provide general indemnifications. The Pool's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Pool that have not yet occurred. However, based on experience, the Pool expects the risk of loss to be remote.



# NOTES TO FINANCIAL STATEMENTS – CONTINUED

## Maryland Local Government Investment Pool

### Notes to Financial Statements

June 30, 2008

#### New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) released Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes the framework for measuring fair value, and expands the disclosure of fair value measurements in the financial statements. It is effective for the pool's fiscal year beginning July 1, 2008. Management expects that the adoption of FAS 157 will not have a material impact on the Pool's net assets or results of operations.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 (FAS 161), *Disclosures about Derivative Instruments and Hedging Activities*, which is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about derivative and hedging activities, including how such activities are accounted for and their effect on financial position, performance and cash flows. As the Pool does not engage in these activities, management expects that the adoption of FAS 161 will not have an impact on the Pool's financial statements and related disclosures.

## 2. Investments

#### General

The Pool is managed and operated by the State of Maryland. The State Treasurer is responsible for establishing the investment policy for the pool, which is reviewed annually. Any proposed changes are reviewed by the Pool's Advisory Committee, which is reviewed annually. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the Pool.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940, i.e., money market funds. Much of the Rule 2a-7 investment guidelines are directed towards limiting interest rate risk, in order to maintain a stable net asset value. For example, the Pool's policy places a 90 day maximum on the weighted average maturity. Further, the maximum maturity of any security may not exceed 397 days. Floating rate note securities may have a final maturity of 2 years but must have a reset date within 397 days. As of June 30, 2008, the Pool had a weighted average maturity of 44 days.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pool's investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper and obligations of political subdivisions. Banker's acceptances and commercial paper must be rated with the highest short-term credit rating by at least one NRSROs at the time of purchase.

#### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Pool will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Pool's investment policy requires that securities purchased are to be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the Pool's exposure to risk and ensure the safety of the investment. The market value of securities utilized as collateral for repurchase agreements must be at least 102% of the value of the repurchase agreement.

# NOTES TO FINANCIAL STATEMENTS – CONTINUED

## Maryland Local Government Investment Pool

### Notes to Financial Statements

#### June 30, 2008

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Concentration of credit risk is mitigated by limiting the percentage of the portfolio invested with any one issuer.

A summary of investments at June 30, 2008 is as follows:

Investment Type	Total Book Value	Total Fair Value
Bankers acceptances	\$ 115,524,101	\$ 115,524,101
Commercial paper	184,730,082	184,730,082
Agency obligations	1,393,771,505	1,393,771,505
Repurchase agreements	439,000,000	439,000,000
Investment companies	288,753,742	288,753,742
<b>Total investments</b>	<b>\$ 2,421,779,430</b>	<b>\$ 2,421,779,430</b>

The Pool's investments at June 30, 2008 included the following issuers which individually represented greater than 5% of its total net assets:

Issuer	% of Net Assets
Federal Home Loan Bank	18.58%
Federal National Mortgage Association	17.36%
Federal Home Loan Mortgage Corp.	15.54%

### 3. Financial Highlights

Financial highlights for the year ended June 30, 2008 as follows (for a unit outstanding throughout the period):

Net asset value, beginning of period	\$ 1.00
<b>Income from investment operations</b>	
Net investment income	0.04
Total from investment operations	0.04
<b>Less Distributions to Participants from</b>	
Net investment income	(0.04)
Total distributions	(0.04)
Net asset value, end of period	\$ 1.00
<b>Total return</b>	4.05%
<b>Ratios/Supplemental Data</b>	
Net assets, end of period	\$ 2,420,417,381
Ratio of expenses to average net assets	0.03%
Ratio of net investment income to average net assets	3.93%

# SCHEDULE OF INVESTMENTS

## Maryland Local Government Investment Pool Schedule of Investments June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Par	Value (\$)
<b>AGENCY OBLIGATIONS</b>		<b>57.58%</b>		
<b>FEDERAL FARM CREDIT BANKS</b>		<b>6.10%</b>		
FEDERAL FARM CREDIT BANK*				
2.274 % , DUE 04/23/2009	AAA		\$ 20,000,000	\$ 20,000,000
FEDERAL FARM CREDIT BANK*				
2.381 % , DUE 10/14/2009	AAA		40,000,000	39,998,724
FEDERAL FARM CREDIT BANK				
2.625 % , DUE 02/04/2009	AAA		24,945,000	24,947,790
FEDERAL FARM CREDIT BANK				
2.75 % , DUE 06/05/2009	AAA		12,400,000	12,421,666
FEDERAL FARM CREDIT BANK*				
2.653 % , DUE 06/25/2010	AAA		20,500,000	20,500,000
FEDERAL FARM CREDIT BANK				
2.04 % , DUE 07/03/2008	P-1/A-1+		30,000,000	29,996,600
				<u>147,864,780</u>
<b>FEDERAL HOME LOAN BANK</b>		<b>18.58%</b>		
FEDERAL HOME LOAN BANK SYSTEM				
5.10 % , DUE 09/19/2008	AAA		18,250,000	18,265,977
FEDERAL HOME LOAN BANKS*				
2.659 % , DUE 09/19/2008	AAA		30,000,000	30,010,550
FEDERAL HOME LOAN BANK SYSTEM*				
2.703 % , DUE 10/29/2008	AAA		18,500,000	18,501,060
FEDERAL HOME LOAN BANK SYSTEM*				
2.495 % , DUE 05/20/2009	AAA		30,000,000	29,999,144
FEDERAL HOME LOAN BANK SYSTEM*				
2.433 % , DUE 05/27/2009	AAA		30,000,000	30,000,000
FEDERAL HOME LOAN BANK SYSTEM				
2.85 % , DUE 07/07/2008	AAA		20,000,000	20,002,625
FEDERAL HOME LOAN BANK SYSTEM*				
2.34 % , DUE 08/06/2009	AAA		20,000,000	19,996,291
FEDERAL HOME LOAN BANK SYSTEM*				
2.381 % , DUE 08/21/2009	AAA		20,000,000	20,000,000
FEDERAL HOME LOAN BANK SYSTEM*				
2.469 % , DUE 09/14/2009	AAA		21,000,000	20,999,038
FEDERAL HOME LOAN BANK SYSTEM				
2.40 % , DUE 04/01/2009	AAA		12,000,000	12,000,000
FEDERAL HOME LOAN BANK SYSTEM				
2.60 % , DUE 04/30/2009	AAA		12,000,000	12,000,000
FEDERAL HOME LOAN BANK SYSTEM*				
2.471 % , DUE 06/04/2009	AAA		23,500,000	23,500,000
FEDERAL HOME LOAN BANKS				
2.25 % , DUE 01/07/2009	AAA		18,085,000	18,085,000
FEDERAL HOME LOAN BANK DISC				
2.12 % , DUE 07/08/2008	AAA		25,000,000	24,989,694
FEDERAL HOME LOAN BANKS				
2.15 % , DUE 07/14/2008	AAA		25,000,000	24,980,590
FEDERAL HOME LOAN BANKS				
2.19 % , DUE 07/16/2008	AAA		30,000,000	29,972,625
FEDERAL HOME LOAN BANKS				
2.025 % , DUE 07/02/2008	AAA		25,000,000	24,998,595





# SCHEDULE OF INVESTMENTS – CONTINUED

## Maryland Local Government Investment Pool Schedule of Investments June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Par	Value (\$)
FEDERAL HOME LOAN BANKS 2.08 % , DUE 07/03/2008	AAA		30,000,000	29,996,534
FEDERAL HOME LOAN BANKS 2.15 % , DUE 07/16/2008	AAA		6,385,000	6,379,280
FEDERAL HOME LOAN BANKS 2.16 % , DUE 07/23/2008	AAA		35,000,000	34,953,800
				<u>449,630,803</u>
<b>FEDERAL HOME LOAN MORTGAGE CORP.</b>		<b>15.54%</b>		
FREDDIE MAC 4.50 % , DUE 08/04/2008	AAA		12,500,000	12,499,668
FEDERAL HOME LOAN MORTGAGE CORP 2.80 % , DUE 06/16/2009	AAA		24,700,000	24,700,000
FEDERAL HOME LOAN MORTGAGE CORP 4.75 % , DUE 03/05/2009	AAA		20,000,000	20,335,559
FEDERAL HOME LOAN MORTGAGE CORP 2.60 % , DUE 03/18/2009	AAA		20,000,000	19,999,802
FEDERAL HOME LOAN MORTGAGE CORP* 2.451 % , DUE 09/18/2009	AAA		29,000,000	29,033,328
FEDERAL HOME LOAN MORTGAGE CORP 2.40 % , DUE 04/02/2009	AAA		20,000,000	20,000,000
FEDERAL HOME LOAN MORTGAGE CORP* 2.599 % , DUE 10/08/2009	AAA		25,000,000	24,999,166
FEDERAL HOME LOAN MORTGAGE CORP* 2.351 % , DUE 12/07/2009			25,000,000	24,994,152
FHLMC MORT 2.203 % , DUE 07/14/2008	AAA		5,275,000	5,270,804
FHLMC DISCOUNT NOTE 2.16 % , DUE 07/21/2008	AAA		11,000,000	10,986,800
FEDERAL HOME LOAN MTGE CORP. 2.09 % , DUE 07/07/2008	AAA		25,000,000	24,991,292
FHLMC, 2.15 % , DUE 07/21/2008	AAA		20,000,000	19,976,111
FEDERAL HOME LOAN MTGE CORP. 2.11 % , DUE 07/22/2008	AAA		30,000,000	29,963,075
FEDERAL HOME LOAN MTGE CORP. 2.02 % , DUE 07/28/2008	AAA		25,000,000	24,962,125
FEDERAL HOME LOAN MTGE CORP. 2.05 % , DUE 07/07/2008	AAA		30,000,000	29,989,750
FEDERAL HOME LOAN MTGE CORP. 2.13 % , DUE 08/11/2008	AAA		26,000,000	25,936,928
FEDERAL HOME LOAN MTGE CORP. 2.15 % , DUE 07/09/2008	AAA		12,898,000	12,891,837
FEDERAL HOME LOAN MTGE CORP. 2.18 % , DUE 08/07/2008	AAA		14,700,000	14,667,064
				<u>376,197,461</u>



# SCHEDULE OF INVESTMENTS – CONTINUED

## Maryland Local Government Investment Pool

### Schedule of Investments

June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Par	Value (\$)
<b>FEDERAL NATIONAL MORTGAGE ASSOC.</b>		<b>17.36%</b>		
FEDERAL NATIONAL MORTGAGE ASSOCIATION				
4.50 % , DUE 08/04/2008	AAA		10,000,000	9,999,274
FEDERAL NATIONAL MORTGAGE ASSOCIATION				
4.00 % , DUE 09/02/2008	AAA		10,000,000	9,988,067
FEDERAL NATIONAL MORTGAGE ASSOCIATION				
4.40 % , DUE 07/28/2008	AAA		25,867,000	25,890,689
FEDERAL NATIONAL MTGE ASSOC.				
2.06 % , DUE 09/17/2008	AAA		25,000,000	24,888,417
FNMA DN 07/23/08				
0.00 % , DUE 07/23/2008	AAA		20,000,000	19,966,364
FNMA DISC,				
2.20 % , DUE 07/14/2008	AAA		5,759,000	5,754,425
FNMA				
2.11 % , DUE 07/09/2008	AAA		11,174,000	11,168,761
FNMA				
2.30 % , DUE 09/03/2008	AAA		25,000,000	24,897,778
FNMA				
2.32 % , DUE 09/08/2008	AAA		30,000,000	29,866,600
FEDERAL NATIONAL MTGE ASSOC.				
2.00 % , DUE 07/21/2008	AAA		30,000,000	29,966,667
FEDERAL NATIONAL MTGE ASSOC.				
2.04 % , DUE 07/09/2008	AAA		25,000,000	24,988,667
FEDERAL NATIONAL MTGE ASSOC.				
2.07 % , DUE 07/02/2008	AAA		31,876,000	31,874,167
FEDERAL NATIONAL MTGE ASSOC.				
2.07 % , DUE 08/13/2008	AAA		33,000,000	32,918,408
FEDERAL NATIONAL MTGE ASSOC.				
2.098 % , DUE 11/28/2008	AAA		18,375,000	18,214,372
FEDERAL NATIONAL MTGE ASSOC.				
2.11 % , DUE 07/09/2008	AAA		20,000,000	19,990,621
FEDERAL NATIONAL MTGE ASSOC.				
2.18 % , DUE 08/06/2008	AAA		30,000,000	29,934,600
FEDERAL NATIONAL MTGE ASSOC.				
2.20 % , DUE 08/20/2008	AAA		35,000,000	34,893,055
FEDERAL NATIONAL MTGE ASSOC.				
2.21 % , DUE 08/27/2008	AAA		35,000,000	34,877,529
				<u>420,078,461</u>
<b>TOTAL AGENCY OBLIGATIONS</b>				<u>1,393,771,505</u>
<b>REPURCHASE AGREEMENTS**</b>		<b>18.14%</b>		
BANK OF AMERICA 2.30% 07/01/08	P-1/A-1+		116,000,000	116,000,000
JP MORGAN 2.25% 07/01/08	P-1/A-1+		96,000,000	96,000,000
MORGAN STANLEY 2.38% 07/01/08	P-1/A-1+		96,000,000	96,000,000
WACHOVIA 2.50% 07/01/08	P-1/A-1+		131,000,000	131,000,000
<b>TOTAL REPURCHASE AGREEMENTS</b>				<u>439,000,000</u>



# SCHEDULE OF INVESTMENTS – CONTINUED

## Maryland Local Government Investment Pool Schedule of Investments June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Par	Value (\$)
<b>COMMERCIAL PAPER</b>		<b>7.64%</b>		
<b>ABS-MULTI &amp; SINGLE-SELLER CONDUITS</b>		<b>1.41%</b>		
ENTERPRISE FUNDING				
2.55 % , DUE 07/03/2008	P-1/A-1+		10,000,000	9,998,583
OLD LINE FUND				
2.95 % , DUE 07/02/2008	P-1/A-1+		4,000,000	3,999,672
PARK AVENUE				
2.70 % , DUE 07/25/2008	P-1/A-1+		15,000,000	14,973,000
VARIABLE FUND,				
2.85 % , DUE 07/11/2008	P-1/A-1+		5,100,000	5,095,963
				<u>34,067,218</u>
<b>ABS-TRADE &amp; TERM</b>		<b>0.41%</b>		
FOUNTAIN SQUARE				
2.85 % , DUE 08/04/2008	P-1/A-1+		10,000,000	9,973,083
<b>FOREIGN BANK &amp; BRANCHES &amp; AGENCIES</b>		<b>1.57%</b>		
ABN AMRO NA FIN				
2.55 % , DUE 08/21/2008	P-1/A-1+		18,000,000	17,934,975
DEUTSCHE BK FIN				
2.69 % , DUE 07/22/2008	P-1/A-1+		20,000,000	19,968,617
				<u>37,903,592</u>
<b>PERSONAL CREDIT INSTITUTIONS</b>		<b>1.65%</b>		
GENERAL ELEC CAP CORP				
2.40 % , DUE 09/02/2008	P-1/A-1+		20,000,000	19,916,000
TOYOTA MOTOR CR				
2.00 % , DUE 07/16/2008	P-1/A-1+		20,000,000	19,983,333
				<u>39,899,333</u>
<b>SECURITY BROKERS AND DEALERS</b>		<b>2.60%</b>		
GREENWICH CAPITAL				
2.70 % , DUE 07/01/2008	P-1/A-1+		8,000,000	8,000,000
GREENWICH CAPITAL				
2.95 % , DUE 08/25/2008	P-1/A-1+		10,000,000	9,954,931
MERRILL LYNCH				
2.77 % , DUE 07/01/2008	P-1/A-1+		20,000,000	20,000,000
MORGAN STANLEY				
2.59 % , DUE 08/18/2008	P-1/A-1+		15,000,000	14,948,200
MORGAN STANLEY				
2.79 % , DUE 07/22/2008	P-1/A-1+		10,000,000	9,983,725
				<u>62,886,856</u>
<b>TOTAL COMMERCIAL PAPER</b>				<u>184,730,082</u>



## SCHEDULE OF INVESTMENTS – CONTINUED

### Maryland Local Government Investment Pool

#### Schedule of Investments

June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Par	Value (\$)
<b>BANKERS ACCEPTANCES</b>		<b>4.77%</b>		
BANK OF AMERICA				
2.38 % , DUE 07/28/2008	P-1/A-1+		8,032,000	8,017,663
BANK OF AMERICA				
2.45 % , DUE 08/26/2008	P-1/A-1+		25,385,000	25,288,255
BANK OF AMERICA CORP				
2.50 % , DUE 07/07/2008	P-1/A-1+		18,000,000	17,992,500
BANK OF AMERICA				
2.56 % , DUE 07/09/2008	P-1/A-1+		5,448,118	5,445,019
CITIGROUP INC.				
2.82 % , DUE 09/18/2008	P-1/A-1+		18,000,000	17,888,610
BANK OF AMERICA				
2.45 % , DUE 09/23/2008	P-1/A-1+		12,787,684	12,714,581
BANK OF AMERICA				
2.40 % , DUE 07/23/2008	P-1/A-1+		6,200,000	6,190,907
WAHOVIA CORP				
2.18 % , DUE 07/14/2008	P-1/A-1+		9,500,000	9,492,521
WAHOVIA CORP				
2.45 % , DUE 07/08/2008	P-1/A-1+		12,500,000	12,494,045
<b>TOTAL BANKER ACCEPTANCES</b>				<b>115,524,101</b>



# SCHEDULE OF INVESTMENTS – CONTINUED

## Maryland Local Government Investment Pool

### Schedule of Investments

June 30, 2008

	Credit Quality Ratings (unaudited)	Percentage of Net Assets	Number of Shares	Value (\$)
<b>INVESTMENT COMPANIES</b>		<b>11.93%</b>		
<b>MANAGEMENT INVESTMENT, OPEN END</b>		<b>11.93%</b>		
GOLDMAN SACHS FINANCIAL SQUARE FUNDS - GOVERNMENT FUND	AAA		34,791,101	34,791,101
GOLDMAN SACHS FINANCIAL SQUARE FUNDS - PRIME OBLIGATIONS FUND	AAA		49,693,014	49,693,014
JPMORGAN PRIME MONEY MARKET FUND	AAA		95,011,945	95,011,945
JPMORGAN U.S. GOVERNMENT MONEY MARKET FUND	AAA		859,390	859,390
MERRILL LYNCH FUNDS FOR INSTITUTIONS SERIES - GOVERNMENT FUND	AAA		25,437,296	25,437,296
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - PRIME PORTFOLIO	AAA		82,960,996	82,960,996
<b>TOTAL INVESTMENT COMPANIES</b>				<b>\$ 288,753,742</b>
<b>TOTAL INVESTMENTS</b>		<b>100.06%</b>		<b>\$ 2,421,779,430</b>
<b>OTHER ASSETS IN EXCESS OF LIABILITIES</b>				<b>\$ (1,362,049)</b>
<b>NET ASSETS APPLICABLE TO 2,420,372,872 UNITS ISSUED AND OUTSTANDING</b>		<b>100.00%</b>		<b>\$ 2,420,417,381</b>
<b>NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE</b>				<b>\$ 1.00</b>

\* The rates shown are as of June 30, 2008 and the maturity dates shown are the next interest readjustment dates.

\*\* The repurchase agreements have been collateralized by U.S. Treasury obligations with a total market value of \$455,507,064 and maturities ranging from 12/31/08 to 7/11/17.









**ALLEGANY**ANNEARUNDEL*Baltimore*  
BALTIMORECITY*Calvert*  
CAROLINECarrollCECILCharles  
**DORCHESTER**Garrett  
Harford**HOWARD****KENT**  
MONTGOMERYPrince**GEORGES**  
QUEENANNE'S**ST.MARYS**SOMERSET  
TALBOTWASHINGTONWICOMICOWorcester  
**ALLEGANY**ANNEARUNDEL*Baltimore*  
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QUEENANNE'S**ST.MARYS**SOMERSET  
TALBOTWASHINGTONWICOMICOWorcester

The information provided in this annual report is intended to assist Maryland's public finance officers in the challenging task of investing public funds. The Maryland Local Government Investment Pool offers local governments an investment source that is safe, liquid and earns a competitive rate of return. Please read this report carefully and keep it available for future reference.

**MLGIP**



# **MARYLAND LOCAL GOVERNMENT INVESTMENT POOL**

The Maryland Local Government Investment Pool's funds are not bank deposits or obligations of, or guaranteed, endorsed or otherwise supported by PNC Bank, N.A. or PNC Capital Advisors, Inc. and such funds are not federally insured by the U.S. Government, the State of Maryland, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

